

SECTION II

GENERAL REQUIREMENTS FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

A. Risk Assessment

A risk assessment will be completed for each program in all 100 local DSS agencies. Each local DSS agency will be assessed on the ability to comply with program rules and regulations and to meet financial management requirements. Assessment criteria may include, the size of the award, the complexity of the program, staffing qualifications and turnover, prior experience with the sub-recipient, audit findings or internal controls deficiencies noted. Results of the Risk assessment may lead to increasing/decreasing the frequency of review, expanding the sample for review, conducting desk audits, etc. Procedures must include written notification informing sub-recipients of the risk level assigned. Focusing attention on high-risk sub-recipients is the most effective use of the limited resources available for monitoring.

1. Each section will complete a Risk Assessment for each program for which they have identified as being a Financial Assistance Program.
2. Each county must be notified in writing of their assigned Risk Level for their programs.
3. Counties must be offered the opportunity to respond to the assignment of risk.

The use of the Risk Evaluation Matrix is optional and may be used for this purpose. The sections may use an alternate method as described in their monitoring plan. [See Attachment C for Risk Evaluation Matrix for County Subrecipients]

B. County Self-Assessment of Fiscal Controls

Each local DSS is required to submit a self-assessment of internal controls to their assigned Local Business Liaison annually. This annual requirement may be waived up to 4 times from the receipt of the original assessment, provided the DSS Director signs a certification indicating that there have been no changes from the original self assessment. County is eligible for certification unless:

- a) There were findings or questioned costs cited in the single audit for year ending June 30, 2004 or; b) The agency Director and /or fiscal officer have less than two years experience in that position or one or both positions are vacant, [by June 30, 2004]or, c) There were weaknesses reported on the Self Assessment survey with NO explanation of mitigating controls in place or a notation of planned changes.

If any of the above conditions exist the county is required to submit a full self assessment until they meet all of the above requirements. The LBL will review the Self Assessment for completeness and signature. The LBL will then complete a Self Assessment Review Summary and forward this to the Lead Monitor.

The Lead Monitor will coordinate sending out completed self-assessment summaries to all Sections/divisions as requested.

C. Monitoring Activities

Identification of specific monitoring activities to be performed may be found in the section plan for each Section. Program monitoring functions shall include, but are not limited to the following types of activities:

1. Reviewing federal and state programmatic and financial requirements for the particular program being monitored to determine compliance criteria.
2. Assessing internal control over fiscal compliance requirements to provide reasonable assurance that: funds are disbursed to subrecipients only on an as-needed basis; that funds are disbursed to subrecipients only on the basis of approved, properly completed expenditure reports submitted on a timely basis; that refunds due from subrecipients are billed and collected in a timely manner through the DHHS Controller's Office Accounts Receivable Section and that subrecipients and other entities and individuals receiving funds meet eligibility requirements and documentation standards including appropriate record retention;
3. Reviewing financial and program reports received from subrecipients on a timely basis and investigating unusual items;
4. Reviewing audit reports to evaluate a sub-recipient's compliance with applicable laws and regulations;
5. Reviewing previously identified deficiencies to determine if corrective action was taken,
6. Reviewing the DHHS Monitoring Website prior to a monitoring visit to determine if the subrecipient has previously been monitored. Monitors should review the risk assessment and previous monitoring compliance concerns. This will provide valuable information to assist in planning the monitoring visit and reduce redundant work effort.

D. Monitoring Report and Corrective Action

A written report is required on all On-Site Reviews and Desk audits. The report is due 60 calendar days from the date of the review. The report must, at a minimum, include summary of the monitoring findings, a list of the cases pulled (if applicable), findings for all cases reviewed and any corrective actions necessary.

If a program in the local agency is found to be out of compliance a corrective action plan must be developed that is geared toward program compliance. Reviewers are encouraged where possible and practical to develop any needed corrective action plan with county staff.

When a non-allowable cost finding is made, corrections or fixes must be made effective the month of monitoring. Corrective action must be made on the next 1571 report. The case should be corrected from the review month forward.

Each Section will determine which programmatic staff will follow-up with counties to ensure that corrective actions have been taken and evaluate whether the corrective actions have been successful.

If a Program Compliance Representative/Monitor suspects internal fraud it will be reported to the Division Director. The Division will prepare an SBI Report and consult with the Internal Auditor and the Division of Budget and Analysis. In the event that the Internal Auditor agrees that the Division's suspicions are well founded, the DHHS Office of the Internal Auditor will coordinate an audit/investigation as deemed appropriate with the Office of State Auditor, internal staff, Federal authority, local law enforcement authorities, and/or the SBI.

E. Updating DHHS' Monitoring Website

At the beginning of the fiscal year each section must load the following data for new programs /contracts: {Data from Programs already entered in the DHHS Monitoring website will be copied to the new SFY }

- Subrecipients Name and Federal ID number; Subrecipient Administrator/ Agent's Name, Mail and Street address, Email address, Phone number and Fax number.
- Program Name and relevant compliance requirements.
- Type of subrecipient (not-for-profit, governmental organization, public authority, for-profit, etc.)
- Total Contract/Grant Amount and funding source name and amount for federal, state and other funds.

The DHHS Monitoring Website must be updated within 45 calendar days from date of the monitoring review. This is extremely important as other sections/divisions may be able to use the results in their risk assessment. Each Section/Program Compliance Representative must update the monitoring website with the results/findings of monitoring visits (including corrective action plans), assignment of risk assessment, and status of follow-up activities from prior year findings, status of any unallowable costs and schedule of all On-site Reviews/Desk Reviews for the current SFY. In addition A Year End Report for each program subrecipient must be completed within 45 calendar days from the end of the fiscal year